



The Travelers Indemnity Company
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AMENDED DENIAL

April 6, 2012

Don Bunker and Ken Edel
1905 38th Street
Rapid City, SD 57702

RE: Claim Number: ESK2789
Claimant: Don Bunker and Ken Edel
Insured: City of Rapid City, A Public Entity
Date of Loss: 12/08/2011

Dear Mr. Bunker and Mr. Edel:

We are in receipt of your letter dated 03/09/2011. We have reviewed all documents provided and would like to respond to your concerns. First, the City followed proper protocol in requesting for a locate to install a service line. One Call Utility Locate was called to prevent damage to private utilities by excavation with no obligation to identify potential corrosion issues associated with being in the proximity of anode beds. Montana Dakota Utilities' (MDU) infrastructure was not struck in this installation process and there was no negligence determined against the City in this aspect.

Furthermore, regarding the photos and descriptions you provided, the City's analysis is as follows:

-Photo #5 does not necessarily identify that the electrical transformer is for anodes. Rather it is a picture of a transformer that is providing electrical service for something. What the service provides power for is not known and there is nothing in the photos that would indicate that it is for an anode bed. The only way to know this is by MDU or the Power Company telling the City.

- Photo #6 does not necessarily identify anode beds. It is agreed that the yellow paint indicates MDU gas but these could be valves etc. the City doesn't know what they are for. Again, unless this was actually told to the City by MDU, they would have no way of knowing.

- Photo #7 & #8 - These have nothing to do with anodes. These are inspection tags from OSMOSE. OSMOSE is a specialty contractor that inspects wood power poles. Basically they inspect to verify that the pole is still sound and not rotting etc. The Power Company can elaborate more on this if necessary but these tags have nothing to do with MDU.

- Photo #9 & #10 – Undetermined to say that a worker would know that an anode bed is buried here.

As far as your issue regarding the corrosion damage to your service line, the corrosion is associated with the anode bed which may not have been or is operating correctly if it caused infrastructure to fail prematurely. Basically copper is very corrosion resistant except for a few situations. Unfortunately one of these situations could be near an anode bed. In any case the City was not made aware of the anode bed, was not told to keep away from it, and this again would be an issue you would need to address with MDU and not the City.

Secondly, the City doesn't design when and where sub stations or anode beds are installed.

Lastly, there were no concerns expressed by MDU, the City, Ferber Engineering or RCS contractors regarding the proposed service line being installed at this location or any indication of encountering an anode bed in the process.

To date you have not provided any scientific evidence or proof that the corrosion was caused by or directly linked to the anode bed, other than your indication of what was told you by an MDU employee. There was no documentation provided to indicate the work performed by the City of Rapid City caused the damage to your service line. Therefore, our denial stands based on lack of negligence against the City of Rapid City.

Sincerely,

Gloria Pope
Specialty Claims Representative
Travelers Insurance
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✓ cc: City of Rapid City
cc: Black Hills Ins Acy Inc.

